

COMMITTEE STATEMENT

LB 725

HEARING DATE: 2/9/99

COMMITTEE ON: Urban Affairs

TITLE: (Thompson) Change public utility, natural gas franchise, and fee provisions

ROLL CALL VOTE – FINAL COMMITTEE ACTION

Advanced to General File

X Advanced to General File with Amendments

Indefinitely Postponed

Vote Results:

7	Yes	Senators Connealy, Hartnett, Preister, Quandahl, Redfield, Schimek and Smith
0	No	
0	Present, not voting	
0	Absent	

PROPOSERS

Senator Nancy Thompson
Cara Palicek
Jim Pappas
Arthur McEneaney
Fred Uhe
Jon Empson

REPRESENTING

Introducer
City of La Vista
Northwestern Public Services
La Vista City Council
Sarpy Co Board of Commissioners
Utilicorp

OPPOSERS

Tom Wurtz
John Nemecek

REPRESENTING

MUD
MUD

NEUTRAL

Chris Dibbern
Gary Krumland

REPRESENTING

NMPP Energy
League of NE Municipalities

SUMMARY OF PURPOSE AND/OR CHANGES:

Under existing law, a metropolitan utilities district operates as a separate and independent political subdivision with express powers and duties and delegated authority to conduct its business, no more subject to control or regulation in the conduct of its activities than is a city by a county.

As originally created, the district was essentially a utility provider for a metropolitan class city with the authority to serve surrounding areas. As it has grown and extended its service area, it has

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increasingly become involved with other first class and second class cities and villages as well as sanitary and improvement districts.

Basically, this legislation would make a metropolitan utilities district subject to municipal regulation by primary, first, and second class cities and villages when operating within their boundaries or within the area of their extraterritorial zoning jurisdiction.

The amendments proposed in sections 1, 2, 3, 4, 5, and six would restrict a district's authority and render it subject to municipal regulation in: the extension of its service territory; the management of its assets and its utility rents, revenue and income; the right to fix natural gas and water rates; the terms and conditions of natural gas and water service; the right to provide natural gas service without a municipal franchise; and the right to extend gas mains and service pipes.

The amendments proposed in sections 7, 8, 9, 10, 11, 12, and 13 would delineate the authority of primary, first, and second class cities and villages over the **natural gas** operations of metropolitan utilities districts. Basically, *within the boundaries* of such cities and villages, the municipalities could require the district to enter into franchise agreements and charge franchise fees upon the same terms and conditions as those offered to other private natural gas utility companies in the same municipality. Such franchises could also include the regulation of natural gas within their areas of extraterritorial zoning jurisdiction. The municipalities could require that franchise agreements be entered into upon the annexation of any area served by the district.

Additionally, municipalities would be authorized to designate the service provider for natural gas within any area subject to municipal zoning or subdivision control.

EXPLANATION OF AMENDMENTS, IF ANY:

The committee amendments do two things. First, the proposed changes in section 8 of the original bill (dealing with the authority for primary class cities to extend their control over certain specified utility activities within three miles of their corporate boundaries) are stricken. Second, the provisions of section 19-4602, the definitional section of the Municipal Natural Gas Regulation Act, are added to the bill with certain additional changes.

The provisions of this bill would place a metropolitan utilities district into the same relationship with the cities and villages it serves as a private natural gas utility: both would become subject to municipal regulatory control through a franchise relationship. The proposed committee amendment would acknowledge that new change in status by bringing the metropolitan utilities district within the definition of "utility" in the Municipal Natural Gas Regulation Act and thus bring the district within the rate regulation provisions of that act. Additionally, because this bill would grant the municipalities additional authority to determine which utility would have the right to provide natural gas service in their extraterritorial zoning jurisdiction, the committee amendments extend the definitions of "area rate," "customer," and "rate area" to encompass not only the area within the boundaries of the municipalities but the areas under their zoning jurisdiction as well. Thus, the scope of municipal regulatory control under the Municipal Natural Gas Regulation Act is extended from the area of the city to the area of the city and its zoning jurisdiction.

Senator D Paul Hartnett